

## **COST ACCOUNTING RECORDS (AUTOMOBILE BATTERIES) RULES, 1967**

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## **COST ACCOUNTING RECORDS (AUTOMOBILE BATTERIES) RULES, 1967**

G.S.R. 1467, dated the 20th September, 1967 1.-In exercise of the powers conferred by sub-section (1) of Section 642 read with Cl. (d) of sub-section (1) of Sec. 209 of the Companies Act, 1956 (1 of 1956), the Central Government hereby makes the following rules, namely :

### **1. Short title and commencement :-**

(a) Adequate records shall be maintained showing receipts, issues and balances both in quantities and values of each item of material and components required for the manufacture of batteries for automobile. The basis on which the value of the purchases and issues have been calculated shall be clearly indicated in the cost records or, if so desired by the company, in a separate manual of procedure, if any, maintained by the company or in foot-notes or separate explanatory notes to the cost statements for the relevant period. Such basis shall be applied consistently throughout the relevant period. The values shall include all direct charges up to works such as freight and insurance. Any wastage whether in storage, transit or for other reasons shall be shown separately and the method of dealing with such wastages in the calculation of costs indicated in the cost records by way of foot-notes or explanatory notes or in some other suitable manner.

(b) If the value of materials consumed is determined on any basis other than actuals, the method adopted for such valuation as well as the method of reconciling such consumption with actuals and the treatment of variations, if any, shall be disclosed in the cost records by way of foot-notes, explanatory notes or in any other suitable manner.

(c) Manufactured Components.-(i) In the case of major components manufactured by the company itself such as plates, separators and containers, separate records shall be maintained showing the cost of manufacture of such components in such details as may enable the company to fill up necessary particulars in proforma 'A' of Sch. II or in a proforma as near thereto as may be possible. **1** [\* \* \* \* \*]

(iii) Any wastage, whether in storage or for other reasons, shall be shown separately and the

method of dealing with such losses in the calculation of costs indicated in the cost records by way of foot-notes, explanatory notes or in other suitable manner.

(iv) Records of quantities manufactured, accepted and rejected shall be kept separately for each batch of components and the method of dealing with losses on account of rejection in the calculation of costs shall be indicated in the cost records or by way of foot-notes, explanatory notes or in other suitable manner.

## **2 \Application**

[. -They shall apply to every company engaged in the production or manufacture or storage of batteries used in automobiles excepting those companies falling under the category of small scale industrial undertakings.

**2** [Explanation.-For the purposes of this rule, the expression "small scale industrial undertaking" means a company-

(a) the aggregate value of the machinery and plant installed wherein does not exceed sixty lakh rupees as on the last day of the preceding financial year, and for this purpose the value of any machinery or plant shall be,-

(i) in the case of any machinery or plant owned by the company the cost thereof to the company; and

(ii) in the case of any machinery or plant held by the company on lease or by hire-purchase, the cost thereof as in the case of owner of such machinery or plant; and

(b) the aggregate value of the realisation made by the company from the sale or supply of all its products during the preceding financial year does not exceed ten crore rupees.]

1. Subs. by G.S.R. 543, dated 22nd July, 1989 (w.e.f. 5th August, 1989).

2. Subs. by G.S.R. 303 (E), dated 24th March, 1993 (w.e.f. 24th March, 1993).

## **3. Maintenance of Records :-**

(a) Detailed and adequate records shall be maintained to show the receipts, issues and balances both in quantities and value of various stores and spare parts for repairs and maintenance and loose tools required in the manufacture of automobile batteries. The values shown shall include all direct charges up to works such as freight and insurance. The value of the issues and balances of stores and spare parts may, if the company so desires, be recorded monthly or at such shorter intervals as the company decides, or kept in the form of control accounts for main groups of the stores provided, in the latter case, the value of the balances according to such control accounts are reconciled periodically at least once a year with the values of the quantities shown by the quantity accounts for each item of store.

(b) The value of stores consumed shall be charged to the relevant heads such as manufacturing, repairs to plant and machinery, repairs to buildings, townships and maintenance of vehicles capital items, etc. The value of stores charged to manufacture shall further be allocated to the different departments or manufacturing units of cost centres and to products, if any, manufactured therein. Stores issued for capital works, such as additions to plant and machinery or other assets shall also be separated and shown under relevant capital heads. Stores shall be valued on a reasonable basis and consistently applied during the relevant period. The records shall also indicate the method of valuation adopted. Any wastage, whether in storage, transit, or due to other reasons shall be shown separately. The method of dealing with such losses in the calculation of costs shall also be indicated in the cost records or in foot-notes, explanatory notes or in other suitable manner.

## **4 \Penalty**

. -If a company contravenes the provisions of rule 3, the company and every officer of the company who is in default <sup>1</sup>[including the persons referred to] in sub-section (6) of Sec. 209 of the Companies Act, 1956 (1 of 1956)<sup>1</sup> [shall subject to the provisions of Sec. 209 of the Companies Act, 1956 (1 of 1956), be punishable] with fine which may extend to five hundred rupees and where the contravention is a continuing one, with a further fine which may extend to fifty rupees for every day after the first during which such contravention continues.

1. Subs. by G.S.R. 1507, dated 5th August, 1968

**1. Materials other than Stores and Spares :-**

(a) Adequate records shall be maintained showing receipts, issues and balances both in quantities and values of each item of material and components required for the manufacture of batteries for automobile. The basis on which the value of the purchases and issues have been calculated shall be clearly indicated in the cost records or, if so desired by the company, in a separate manual of procedure, if any, maintained by the company or in foot-notes or separate explanatory notes to the cost statements for the relevant period. Such basis shall be applied consistently throughout the relevant period. The values shall include all direct charges up to works such as freight and insurance. Any wastage whether in storage, transit or for other reasons shall be shown separately and the method of dealing with such wastages in the calculation of costs indicated in the cost records by way of foot-notes or explanatory notes or in some other suitable manner.

(b) If the value of materials consumed is determined on any basis other than actuals, the method adopted for such valuation as well as the method of reconciling such consumption with actuals and the treatment of variations, if any, shall be disclosed in the cost records by way of foot-notes, explanatory notes or in any other suitable manner.

(c) Manufactured Components.- (i) In the case of major components manufactured by the company itself such as plates, separators and containers, separate records shall be maintained showing the cost of manufacture of such components in such details as may enable the company to fill up necessary particulars in proforma 'A' of Sch. II or in a proforma as near thereto as may be possible. <sup>1</sup> [\* \* \* \* \*]

(iii) Any wastage, whether in storage or for other reasons, shall be shown separately and the method of dealing with such losses in the calculation of costs indicated in the cost records by way of foot-notes, explanatory notes or in other suitable manner.

(iv) Records of quantities manufactured, accepted and rejected shall be kept separately for each batch of components and the method of dealing with losses on account of rejection in the calculation of costs shall be indicated in the cost records or by way of foot-notes, explanatory notes or in other suitable manner.

1. Subs. by G.S.R. 1507, dated 5th August, 1968

**2. Wages and Salaries :-**

(a) Proper and systematic records shall be maintained with respect to attendance of workers and other operational staff indicating the departments or the work on which they were employed. 1. Subs. by G.S.R. 1507, dated 5th August, 1968. 2. Subs. by G.S.R. 778, dated 3rd June, 1977 (w.e.f. 25th June, 1977). 3. Omitted, by G.S.R. 1507, dated 5th August, 1968. Where payments to workers are made on piece-rate basis, their records relating thereto shall be so maintained as to enable assessment of wages payable to such workers. Proper records shall also be maintained in respect of all payments made for over-time work. Where any payments for incentive are made, whether in the shape of production bonus or other forms of incentives based on output achieved by the workers individually or collectively, proper records shall also be maintained for assessment of such payments.

(b) The records shall further show separately the cost of all wages and salaries relating to various manufacturing departments or units or cost centres in the factory being the amounts payable and allocated to the different departments or units or cost centres and to the products manufactured therein. Any wages and salaries being expenditure on additions to plant, machinery or other assets shall be allocated to the relevant capital heads in the accounts. Any idle time arising and the reasons for such idle time shall be recorded separately. The method of its treatment in calculating the costs of products shall also be indicated in the cost records or in foot-notes, explanatory notes or in other suitable manner.

(c) If the wages are allocated to the departments or units or cost centres or to products manufactured in such departments or in manufacturing units or cost centres on any basis other than actuals, the reconciliation of such wages with actuals and the treatment of variations, if any, shall be disclosed in the cost records or indicated by way of foot-notes, explanatory notes or in other suitable manner.

### **3. Stores and Spare Parts :-**

(a) Detailed and adequate records shall be maintained to show the receipts, issues and balances both in quantities and value of various stores and spare parts for repairs and maintenance and loose tools required in the manufacture of automobile batteries. The values shown shall include all direct charges up to works such as freight and insurance. The value of the issues and balances of stores and spare parts may, if the company so desires, be recorded monthly or at such shorter intervals as the company decides, or kept in the form of control accounts for main groups of the stores provided, in the latter case, the value of the balances according to such control accounts are reconciled periodically at least once a year with the values of the quantities shown by the quantity accounts for each item of store.

(b) The value of stores consumed shall be charged to the relevant heads such as manufacturing, repairs to plant and machinery, repairs to buildings, townships and maintenance of vehicles capital items, etc. The value of stores charged to manufacture shall further be allocated to the different departments or manufacturing units or cost centres and to products, if any, manufactured therein. Stores issued for capital works, such as additions to plant and machinery or other assets shall also be separated and shown under relevant capital heads. Stores shall be valued on a reasonable basis and consistently applied during the relevant period. The records shall also indicate the method of valuation adopted. Any wastage, whether in storage, transit, or due to other reasons shall be shown separately. The method of dealing with such losses in the calculation of costs shall also be indicated in the cost records or in foot-notes, explanatory notes or in other suitable manner.

### **4. Services :-**

(a) Detailed records shall be maintained to ascertain the cost of services, such as, power, fuel, water, electricity and steam produced and utilised in manufacturing operations.

(b) Where power is purchased, the cost of power shall include the cost of units of power consumed and fixed charges and dues, if any, payable by the consumer. Where power, water or steam is produced by the company itself, separate records shall be maintained to show, in sufficient detail, the different items making up the cost of such power, water or steam produced and consumed.

(c) The records shall be so maintained as to enable the assessment or utilisation of the services by the different departments or manufacturing units or cost centres in cases where the allocation to the various departments or manufacturing units or cost centres are made otherwise than at actuals, the basis adopted for such allocation shall be indicated.

(d) If the company so desires, the cost of power, etc. allocated to the different departments or manufacturing units or cost centres may, instead of being shown separately in the proforma concerned, be included in the manufacturing overheads of the department or manufacturing unit or cost centres concerned and allocated to products manufactured therein as part of manufacturing overheads.

### **5. Depreciation :-**

(a) Proper and adequate records shall be maintained for assets in respect of which depreciation has to be provided for. These records shall inter alia indicate the cost of each item of asset, the date of its acquisition, and rate of depreciation. In respect of old assets whose original cost of acquisition cannot be ascertained without an unreasonable expense or delay the valuation shown by the books at the commencement of the accounting year beginning on or after the 1st day of January, 1968 shall be taken as the opening balance. The

cost of any special repairs or renovations, if added to the value of the asset concerned, shall be separately recorded indicating the basis on which such additions are made.

(b) Depreciation chargeable to the different departments or units or cost centres shall not be less than the amount of depreciation which may be worked out in accordance with the provisions of sub-section (2) of Sec. 205 of the Companies Act, 1956 (1 of 1956) and shall relate to the plant and machinery and other assets utilised in such departments or units or cost centres. The rates adopted shall be consistently applied from year to year.

(c) If the company so desires, depreciation allocated to the departments or manufacturing units or cost centres or products manufactured therein may, instead of being shown separately in the relevant cost sheets, be included as part of manufacturing overheads of the department or manufacturing unit concerned and allocated to products manufactured therein as part of manufacturing overheads.

#### **6. Other Items of Cost (Overheads) :-**

(a) Proper records showing the details of allocation of overhead expenses to the various departments or manufacturing units or cost centres and to products shall be maintained after collecting the details of all such expenses from the financial accounts. Overheads relating to manufacturing, administration and selling and distribution activities shall be distinguished from each other. The method of allocating such overheads to the various departments or manufacturing units or cost centres and further to operations, jobs or products manufactured therein shall be clearly indicated in the cost records and shall be applied on a reasonable basis consistently throughout the relevant period.

(b) Where the amount of overheads is estimated and allocated to the various departments or manufacturing units or cost centres the method by which such estimated overheads are reconciled with the actuals for the relevant period and the variations, if any, as well as the treatment of such variations between estimates and actuals shall be disclosed in the records.

(c) Selling overheads comprising of selling and distribution expenses pertaining to completed automobile batteries may be shown in one lumpsum in the relevant summary statement of cost proforma 'C' in Sch. II.

#### **7. Cost Statements :-**

The particulars of cost shall be completed in each of the proforma specified in Sch. II or in as near a form thereto as practicable. The cost of manufactured components required for the production of automobile batteries shall be compiled in proforma 'A' specified in Sch. II and the cost of complete batteries in proforma 'B' and 'C' in Sch. II.

#### **8. Work-in-progress :-**

The quantities and value of work-in-progress, if any, in relation to the various components and final assembly at the end of the period for which the costs are made up, shall be calculated to represent the cost incurred up to the relevant stage of manufacture and shall be shown in the relevant proforma specified in Sch. II.

#### **9. Production Records :-**

Detailed and adequate records shall be maintained to indicate the quantities of all receipts, issues and balances of different components, containers, plates and separators as well as complete automobile batteries produced by the company. The values of all receipts, issues and balances shall be kept in the form of control accounts for each product group: Provided that the values of the balances according to such control accounts are reconciled periodically, at least once a year, with the values of the quantities shown by the quantity account for each item of component and completed batteries.]

#### **10. Reconciliation with Financial Books :-**

The cost records shall be periodically reconciled with the financial books of account so as to ensure accuracy. All variations shall be clearly indicated and explained. The period for which such reconciliations are effected shall not exceed the period of the financial year of the

Company.

**11. Stock Verification Records :-**

Records of stock verification shall be maintained in respect of all raw materials, components, stores, spare parts including loose tools and other materials kept in stock. The method of dealing with discrepancies arising out of such verification shall also be indicated in the records.

**12. Statistical Data :-**

Adequate records containing information as to actual hours worked by individual items of plant or machinery, group thereof or departments or manufacturing units shall be maintained to show the hours worked, idle time, if any, and the reasons therefor. Records shall also be maintained to show the production by each department or manufacturing unit.

SCHEDULE 2  
PROFORMA

Co. Ltd. Statement showing the cost of components manufactured during the period. Name of Component				
Quantity produced	Quantity	Rate	Total	Cost per unit
Previous period	Current period			
1. Raw Material (To be specified). 2. Wages and Salaries 3. Stores and spare parts 4. Services (i) Power ..... (ii) Fuel ..... (iii) Electricity .... (iv) Water ..... (v) Steam ..... 5. Depreciation ..... 6. Other Manufacturing costs (Overheads). 7. Administration overheads. 8. Adjustment for difference in opening and closing Balance of Work-in-Process. (if any) \ \ \ \Total \ \ \PROFORMA B _____ Co. Ltd.				
Statement showing the manufacturing costs of Automobile Batteries manufactured during the pe nod.				
Description or Type. Quantity produced.				
Quantity	Rate	Amount	Cost per unit	
Current	Previous			